

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 907 – HB 2003

March 24, 2009

SUMMARY OF BILL: Requires providers of design and engineering services, and materials and equipment to warrant that annual energy costs for all habitable space contained within newly constructed buildings and substantially renovated buildings meet pre-determined energy cost objectives set by the client. Requires a certified business energy professional to determine, no sooner than 12 months from the first date of occupancy of a building, whether such providers have complied with the energy efficiency requirements.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Net Impact - Exceeds \$100,000

Increase Local Expenditures – Net Impact – Exceeds \$100,000

Assumptions:

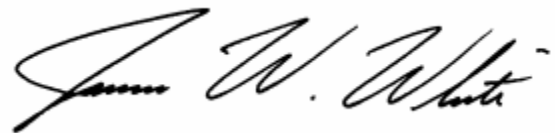
- Annual energy costs are required to be 25 percent lower than (1) the average costs for similar buildings located in areas with similar average annual temperatures, or (2) 55,000 BTUs per square foot of coordinated habitable space per year.
- “Business energy professional” means a person certified by the Association of Energy Engineers who is competent in business marketing and energy related disciplines, as well as laws governing and affecting energy professionals.
- Prohibits certified business energy professionals from having any financial interest, nor be affiliated, in any way, with the design or construction of such buildings.
- The fiscal impact of this bill is dependent upon several unknown factors such as the number of projects undertaken in the future, the size and complexity of such projects, the expense incurred from requiring providers to warrant estimated energy costs, and the extent of actual energy savings realized over the life of the structures built relative to the energy costs of the structures if built under current law.

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- The savings expected to accrue to state and local government by avoiding future energy costs is expected to outweigh the increased expenditures resulting from the specified providers being required to warrant energy cost savings. Determining a precise net estimate for this is problematic due to multiple offsetting factors. However, it is reasonably estimated that state and local government would realize a net cost avoidance of less than \$50,000 per year from these two specific offsetting factors.
- State and local governments will incur additional expenditures from being required to contract with business energy professionals to determine whether such providers have complied with the energy efficiency requirements.
- According to the Comptroller, the cost of hiring a certified business energy professional would average approximately \$6,000 per project (\$150 per hour x 40 hour minimum = \$6,000).
- Minimum of 25 projects per year for each state and local government.
- The increase to state expenditures for hiring certified business energy professionals is estimated to exceed \$150,000 per year (25 projects minimum x \$6,000 = \$150,000).
- The increase to local government expenditures for hiring certified business energy professionals is estimated to exceed \$150,000 per year (25 projects minimum x \$6,000 = \$150,000).

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/rnc